

108TH CONGRESS
2D SESSION

H. R. 4840

To amend the Internal Revenue Code of 1986 to simplify the taxation of businesses.

IN THE HOUSE OF REPRESENTATIVES

JULY 15, 2004

Mr. CRANE (for himself, Mr. BOEHNER, Mr. DOOLITTLE, Mr. SHAW, Mr. CANTOR, Mr. ROGERS of Michigan, Mr. AKIN, Mr. HERGER, Mr. WILSON of South Carolina, Mrs. BIGGERT, and Mr. ENGLISH) introduced the following bill; which was referred to the Committee on Ways and Means

A BILL

To amend the Internal Revenue Code of 1986 to simplify the taxation of businesses.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Tax Simplification for
5 America’s Job Creators Act of 2004”.

6 **SEC. 2. 2-YEAR EXTENSION OF INCREASED EXPENSING FOR**
7 **SMALL BUSINESS.**

8 Subsections (b), (c), and (d) of section 179 of the
9 Internal Revenue Code of 1986 are each amended by

1 striking “2006” each place it appears and inserting
2 “2008”.

3 **SEC. 3. INDEXING OF GROSS RECEIPTS TEST FOR CASH**
4 **METHOD OF ACCOUNTING.**

5 (a) IN GENERAL.—Section 448(c) of the Internal
6 Revenue Code of 1986 is amended by adding at the end
7 the following new paragraph:

8 “(4) INFLATION ADJUSTMENT OF GROSS RE-
9 CEIPTS TEST.—In the case of any taxable year be-
10 ginning in a calendar year after 2003, the
11 \$5,000,000 dollar amount in paragraph (1) shall be
12 increased by an amount equal to—

13 “(A) such dollar amount, multiplied by

14 “(B) the cost-of-living adjustment deter-
15 mined under section 1(f)(3) for such calendar
16 year by substituting ‘calendar year 2002’ for
17 ‘calendar year 1992’ in subparagraph (B)
18 thereof.

19 If any amount as adjusted under the preceding sentence
20 is not a multiple of \$100,000, such amount shall be round-
21 ed to the nearest multiple of \$100,000.”.

22 (b) CONFORMING AMENDMENTS.—

23 (1) Section 448(b)(3) of such Code is amended
24 by striking “\$5,000,000” both places it appears in
25 the heading and text.

1 (2) Section 448(c) of such Code is amended by
 2 striking “\$5,000,000” in the heading and the first
 3 place it appears in paragraph (1) thereof.

4 (c) EFFECTIVE DATE.—The amendments made by
 5 this section shall apply to taxable years beginning after
 6 December 31, 2003.

7 **SEC. 4. SIMPLIFICATION THROUGH ELIMINATION OF INOP-**
 8 **ERATIVE PROVISIONS.**

9 (a) IN GENERAL.—

10 (1) GENERAL BUSINESS CREDITS.—Subsection
 11 (d) of section 38 of the Internal Revenue Code of
 12 1986 is amended by striking paragraph (3).

13 (2) CARRYBACK AND CARRYFORWARD OF UN-
 14 USED CREDITS.—Subsection (d) of section 39 of
 15 such Code is amended by striking paragraphs (1)
 16 through (8) and by redesignating paragraphs (9)
 17 and (10) as paragraphs (1) and (2), respectively.

18 (3) ADJUSTMENTS BASED ON ADJUSTED CUR-
 19 RENT EARNINGS.—Clause (ii) of section 56(g)(4)(F)
 20 of such Code is amended by striking “In the case of
 21 any taxable year beginning after December 31,
 22 1992, clause” and inserting “Clause”.

23 (4) ITEMS OF TAX PREFERENCE; DEPLETION.—
 24 Paragraph (1) of section 57(a) of such Code is
 25 amended by striking “Effective with respect to tax-

1 able years beginning after December 31, 1992, this”
2 and inserting “This”.

3 (5) INTANGIBLE DRILLING COSTS.—

4 (A) Clause (i) of section 57(a)(2)(E) of
5 such Code is amended by striking “In the case
6 of any taxable year beginning after December
7 31, 1992, this” and inserting “This”.

8 (B) Clause (ii) of section 57(a)(2)(E) of
9 such Code is amended by striking “(30 percent
10 in the case of taxable years beginning in
11 1993)”.

12 (6) GREAT PLAINS CONSERVATION PROGRAM.—

13 Section 126(a) of such Code is amended by striking
14 paragraph (6) and by redesignating paragraphs (7),
15 (8), (9), and (10) as paragraphs (6), (7), (8), and
16 (9), respectively.

17 (7) TREBLE DAMAGE PAYMENTS UNDER THE
18 ANTITRUST LAW.—Section 162(g) of such Code is
19 amended by striking the last sentence.

20 (8) CHARITABLE, ETC., CONTRIBUTIONS AND
21 GIFTS.—Section 170 of such Code is amended by
22 striking subsection (k).

23 (9) NET OPERATING LOSS CARRYBACKS AND
24 CARRYOVERS.—

1 (A) Section 172 of such Code is amend-
2 ed—

3 (i) by striking subparagraph (D) of
4 subsection (b)(1) and by redesignating
5 subparagraphs (E), (F), (G), and (H) as
6 subparagraphs (D), (E), (F), and (G), re-
7 spectively,

8 (ii) by striking “ending after August
9 2, 1989” in subsection (b)(1)(D)(i)(II) (as
10 redesignated by clause (i)),

11 (iii) by striking “subparagraph (F)”
12 in subsection (b)(1)(G) (as redesignated by
13 clause (i)) and inserting “subparagraph
14 (E)”,

15 (iv) by striking subsection (g), and

16 (v) by striking subparagraph (F) of
17 subsection (h)(2).

18 (B) Section 172(h)(4) of such Code is
19 amended by striking “subsection (b)(1)(E)”
20 each place it appears and inserting “subsection
21 (b)(1)(D)”.

22 (C) Section 172(i)(3) of such Code is
23 amended by striking “subsection (b)(1)(G)”
24 each place it appears and inserting “subsection
25 (b)(1)(F)”.

1 (D) Section 172(j) of such Code is amend-
 2 ed by striking “subsection (b)(1)(H)” each
 3 place it appears and inserting “subsection
 4 (b)(1)(G)”.

5 (E) Section 172 of such Code, as amended
 6 by subparagraphs (A) through (D) of this para-
 7 graph, is amended—

8 (i) by redesignating subsections (h),
 9 (i), and (j) as subsections (g), (h), and (i),
 10 respectively,

11 (ii) by striking “subsection (h)” each
 12 place it appears and inserting “subsection
 13 (g)”, and

14 (iii) by striking “subsection (i)” each
 15 place it appears and inserting “subsection
 16 (h)”.

17 (10) RESEARCH AND EXPERIMENTAL EXPENDI-
 18 TURES.—Subparagraph (A) of section 174(a)(2) of
 19 such Code is amended to read as follows:

20 “(A) WITHOUT CONSENT.—A taxpayer
 21 may, without the consent of the Secretary,
 22 adopt the method provided in this subsection
 23 for his first taxable year for which expenditures
 24 described in paragraph (1) are paid or in-
 25 curred.”.

1 (11) AMORTIZATION OF CERTAIN RESEARCH
2 AND EXPERIMENTAL EXPENDITURES.—Paragraph
3 (2) of section 174(b) of such Code is amended by
4 striking “beginning after December 31, 1953”.

5 (12) SOIL AND WATER CONSERVATION EXPEND-
6 ITURES.—Paragraph (1) of section 175(d) of such
7 Code is amended to read as follows:

8 “(1) WITHOUT CONSENT.—A taxpayer may,
9 without the consent of the Secretary, adopt the
10 method provided in this section for the taxpayer’s
11 first taxable year for which expenditures described in
12 subsection (a) are paid or incurred.”.

13 (13) ACTIVITIES NOT ENGAGED IN FOR PROF-
14 IT.—Section 183(e)(1) of such Code is amended by
15 striking the last sentence.

16 (14) DIVIDENDS RECEIVED ON CERTAIN PRE-
17 FERRED STOCK; AND DIVIDENDS PAID ON CERTAIN
18 PREFERRED STOCK OF PUBLIC UTILITIES.—

19 (A) Sections 244 and 247 of such Code are
20 hereby repealed, and the table of sections for
21 part VIII of subchapter B of chapter 1 of such
22 Code is amended by striking the items relating
23 to sections 244 and 247.

24 (B) Paragraph (5) of section 172(d) of
25 such Code is amended to read as follows:

1 “(5) COMPUTATION OF DEDUCTION FOR DIVI-
 2 DENDS RECEIVED.—The deductions allowed by sec-
 3 tion 243 (relating to dividends received by corpora-
 4 tions) and 245 (relating to dividends received from
 5 certain foreign corporations) shall be computed with-
 6 out regard to section 246(b) (relating to limitation
 7 on aggregate amount of deductions).”.

8 (C) Paragraph (1) of section 243(c) of
 9 such Code is amended to read as follows:

10 “(1) IN GENERAL.—In the case of any dividend
 11 received from a 20-percent owned corporation, sub-
 12 section (a)(1) shall be applied by substituting ‘80
 13 percent’ for ‘70 percent’.”.

14 (D) Section 243(d) of such Code is amend-
 15 ed by striking paragraph (4).

16 (E) Section 246 of such Code is amend-
 17 ed—

18 (i) by striking “, 244,” in subsection
 19 (a)(1),

20 (ii) in subsection (b)(1)—

21 (I) by striking “sections
 22 243(a)(1), and 244(a),” the first
 23 place it appears and inserting “section
 24 243(a)(1)”,

1 (II) by striking “244(a),” the
2 second place it appears, and

3 (III) by striking “subsection (a)
4 or (b) of section 245, and 247,” and
5 inserting “and subsection (a) or (b) of
6 section 245,” and

7 (iii) by striking “, 244,” in subsection
8 (c)(1).

9 (F) Section 246A of such Code is amended
10 by striking “, 244,” both places it appears in
11 subsections (a) and (e).

12 (G) Sections 263(g)(2)(B)(iii), 277(a),
13 301(e)(2), 469(e)(4), 512(a)(3)(A), subpara-
14 graphs (A), (C), and (D) of section 805(a)(4),
15 805(b)(5), 812(e)(2)(A), 815(c)(2)(A)(iii),
16 832(b)(5), 833(b)(3)(E), and 1059(b)(2)(B) of
17 such Code are each amended by striking “,
18 244,” each place it appears.

19 (H) Section 1244(c)(2)(C) of such Code is
20 amended by striking “244,”.

21 (I) Section 805(a)(4)(B) of such Code is
22 amended by striking “, 244(a),” each place it
23 appears.

1 (J) Section 810(c)(2)(B) of such Code is
 2 amended by striking “244 (relating to dividends
 3 on certain preferred stock of public utilities),”.

4 (15) ORGANIZATION EXPENSES.—Section
 5 248(c) of such Code is amended by striking “begin-
 6 ning after December 31, 1953,” and by striking the
 7 last sentence.

8 (16) AMOUNT OF GAIN WHERE LOSS PRE-
 9 VIOUSLY DISALLOWED.—Section 267(d) of such
 10 Code is amended by striking “(or by reason of sec-
 11 tion 24(b) of the Internal Revenue Code of 1939)”
 12 in paragraph (1), by striking “after December 31,
 13 1953,” in paragraph (2), by striking the second sen-
 14 tence, and by striking “or by reason of section 118
 15 of the Internal Revenue Code of 1939” in the last
 16 sentence.

17 (17) ACQUISITIONS MADE TO EVADE OR AVOID
 18 INCOME TAX.—Paragraphs (1) and (2) of section
 19 269(a) of such Code are each amended by striking
 20 “or acquired on or after October 8, 1940,”.

21 (18) INTEREST ON INDEBTEDNESS INCURRED
 22 BY CORPORATIONS TO ACQUIRE STOCK OR ASSETS
 23 OF ANOTHER CORPORATION.—Section 279 of such
 24 Code is amended—

1 (A) by striking “after December 31,
2 1967,” in subsection (a)(2),

3 (B) by striking “after October 9, 1969,” in
4 subsection (b), and

5 (C) by striking “after October 9, 1969,
6 and” in subsection (d)(5).

7 (19) SPECIAL RULES RELATING TO CORPORATE
8 PREFERENCE ITEMS.—Paragraph (4) of section
9 291(a) of such Code is amended by striking “In the
10 case of taxable years beginning after December 31,
11 1984, section” and inserting “Section”.

12 (20) TAX CREDIT EMPLOYEE STOCK OWNER-
13 SHIP PLANS.—Section 409 of such Code is amended
14 by striking subsection (q).

15 (21) FUNDING STANDARDS.—Section
16 412(m)(4) of such Code is amended—

17 (A) by striking “the applicable percentage”
18 in subparagraph (A) and inserting “25 per-
19 cent”, and

20 (B) by striking subparagraph (C) and by
21 redesignating subparagraph (D) as subpara-
22 graph (C).

23 (22) RETIREE HEALTH ACCOUNTS.—Section
24 420 of such Code is amended—

1 (A) by striking paragraph (4) of subsection
2 (b) and by redesignating paragraph (5) as para-
3 graph (4), and

4 (B) by amending paragraph (2) of sub-
5 section (c) to read as follows:

6 “(2) REQUIREMENTS RELATING TO PENSION
7 BENEFITS ACCRUING BEFORE TRANSFER.—The re-
8 quirements of this paragraph are met if the plan
9 provides that the accrued pension benefits of any
10 participant or beneficiary under the plan become
11 nonforfeitable in the same manner which would be
12 required if the plan had terminated immediately be-
13 fore the qualified transfer (or in the case of a partic-
14 ipant who separated during the 1-year period ending
15 on the date of the transfer, immediately before such
16 separation).”.

17 (23) EMPLOYEE STOCK PURCHASE PLANS.—
18 Section 423(a) of such Code is amended by striking
19 “after December 31, 1963,”.

20 (24) LIMITATION ON DEDUCTIONS FOR CER-
21 TAIN FARMING.—

22 (A) Section 464 of such Code is amended
23 by striking “any farming syndicate (as defined
24 in subsection (c))” both places it appears in

1 subsections (a) and (b) and inserting “any tax-
2 payer to whom subsection (d) applies”.

3 (B)(i) Subsection (c) of section 464 of
4 such Code is hereby moved to the end of section
5 461 and redesignated as subsection (j).

6 (ii) Such subsection (j) of such Code is
7 amended—

8 (I) by striking “For purposes of this
9 section” in paragraph (1) and inserting
10 “For purposes of subsection (i)(4)”, and

11 (II) by adding at the end the fol-
12 lowing new paragraphs:

13 “(3) FARMING.—For purposes of this sub-
14 section, the term ‘farming’ has the meaning given to
15 such term by section 464(e).

16 “(4) LIMITED ENTREPRENEUR.—For purposes
17 of this subsection, the term ‘limited entrepreneur’
18 means a person who—

19 “(A) has an interest in an enterprise other
20 than as a limited partner, and

21 “(B) does not actively participate in the
22 management of such enterprise.”

23 (iii) Paragraph (4) of section 461(i) of
24 such Code is amended by striking “section
25 464(c)” and inserting “subsection (j)”.

1 (C) Section 464 of such Code is amend-
2 ed—

3 (i) by striking subsections (e) and (g)
4 and redesignating subsections (d) and (f)
5 as subsections (c) and (d), respectively,
6 and

7 (ii) by adding at the end the following
8 new subsection:

9 “(e) FARMING.—For purposes of this section, the
10 term ‘farming’ means the cultivation of land or the raising
11 or harvesting of any agricultural or horticultural com-
12 modity including the raising, shearing, feeding, caring for,
13 training, and management of animals. For purposes of the
14 preceding sentence, trees (other than trees bearing fruit
15 or nuts) shall not be treated as an agricultural or horti-
16 cultural commodity.”

17 (D) Subsection (d) of section 464 of such
18 Code, as redesignated by subparagraph (C), is
19 amended—

20 (i) by striking paragraph (1) and re-
21 designating paragraphs (2), (3), and (4) as
22 paragraphs (1), (2), and (3), respectively,
23 and

1 (ii) by striking “SUBSECTIONS (a)
2 AND (b) TO APPLY TO” in the subsection
3 heading.

4 (E) Subparagraph (A) of section 58(a)(2)
5 of such Code is amended by striking “section
6 464(c)” and inserting “section 461(j)”.

7 (25) DEDUCTIONS LIMITED TO AMOUNT AT
8 RISK.—Paragraph (3) of section 465(c) of such
9 Code is amended by striking “In the case of taxable
10 years beginning after December 31, 1978, this” and
11 inserting “This”.

12 (26) NUCLEAR DECOMMISSIONING COSTS.—Sec-
13 tion 468A(e)(2) of such Code is amended—

14 (A) by striking “at the rate set forth in
15 subparagraph (B)” in subparagraph (A) and in-
16 serting “at the rate of 20 percent”, and

17 (B) by striking subparagraph (B) and by
18 redesignating subparagraphs (C) and (D) as
19 subparagraphs (B) and (C), respectively.

20 (27) PASSIVE ACTIVITY LOSSES AND CREDITS
21 LIMITED.—

22 (A) Section 469 of such Code is amended
23 by striking subsection (m).

24 (B) Subsection (b) of section 58 of such
25 Code is amended by adding “and” at the end

1 of paragraph (1), by striking paragraph (2),
 2 and by redesignating paragraph (3) as para-
 3 graph (2).

4 (28) ADJUSTMENTS REQUIRED BY CHANGES IN
 5 METHOD OF ACCOUNTING.—Section 481(b)(3) of
 6 such Code is amended by striking subparagraph (C).

7 (29) EXEMPTION FROM TAX ON CORPORATIONS,
 8 CERTAIN TRUSTS, ETC.—Section 501 of such Code
 9 is amended by striking subsection (q).

10 (30) REQUIREMENTS FOR EXEMPTION.—

11 (A) Section 503(a)(1) of such Code is
 12 amended to read as follows:

13 “(1) GENERAL RULE.—An organization de-
 14 scribed in paragraph (17) or (18) of section 501(c)
 15 or described in section 401(a) and referred to in sec-
 16 tion 4975(g)(2) or (3) shall not be exempt from tax-
 17 ation under section 501(a) if it has engaged in a
 18 prohibited transaction.”.

19 (B) Paragraph (2) of section 503(a) of
 20 such Code is amended by striking “described in
 21 section 501(c)(17) or (18) or paragraph
 22 (a)(1)(B)” and inserting “described in para-
 23 graph (1)”.

24 (C) Subsection (c) of section 503 of such
 25 Code is amended by striking “described in sec-

1 tion 501(c)(17) or (18) or subsection
 2 (a)(1)(B)” and inserting “described in sub-
 3 section (a)(1)”.

4 (31) INSURANCE COMPANY TAXABLE INCOME.—

5 (A) Section 832(e) of such Code is amend-
 6 ed by striking “of taxable years beginning after
 7 December 31, 1966,”.

8 (B) Section 832(e)(6) of such Code is
 9 amended by striking “In the case of any taxable
 10 year beginning after December 31, 1970, the”
 11 and inserting “The”.

12 (32) PROPERTY ON WHICH LESSEE HAS MADE
 13 IMPROVEMENTS.—Section 1019 of such Code is
 14 amended by striking the last sentence.

15 (33) INVOLUNTARY CONVERSION.—Section
 16 1033 of such Code is amended by striking sub-
 17 section (j) and by redesignating subsection (k) as
 18 subsection (j).

19 (34) PROPERTY ACQUIRED DURING AFFILI-
 20 ATION.—Section 1051 of such Code is hereby re-
 21 pealed, and the table of sections for part IV of sub-
 22 chapter O of chapter 1 is amended by striking the
 23 item relating to section 1051.

24 (35) HOLDING PERIOD OF PROPERTY.—

1 (A) Paragraph (5) of section 1223 of such
 2 Code is amended by striking “(or under so
 3 much of section 1052(c) as refers to section
 4 113(a)(23) of the Internal Revenue Code of
 5 1939)”.

6 (B) Paragraph (7) of section 1223 of such
 7 Code is amended by striking the last sentence.

8 (C) Paragraph (9) of section 1223 of such
 9 Code is repealed.

10 (36) PROPERTY USED IN THE TRADE OR BUSI-
 11 NESS AND INVOLUNTARY CONVERSIONS.—Subpara-
 12 graph (A) of section 1231(c)(2) of such Code is
 13 amended by striking “beginning after December 31,
 14 1981”.

15 (37) SALE OR EXCHANGE OF PATENTS.—Sec-
 16 tion 1235 of such Code is amended—

17 (A) by striking subsection (c) and by re-
 18 designating subsections (d) and (e) as sub-
 19 sections (c) and (d), respectively, and

20 (B) by striking “subsection (d)” in sub-
 21 section (b) and inserting “subsection (c)”.

22 (38) DEALERS IN SECURITIES.—Subsection (b)
 23 of section 1236 of such Code is amended by striking
 24 “after November 19, 1951,”.

1 (39) SALE OF PATENTS.—Subsection (a) of sec-
 2 tion 1249 of such Code is amended by striking
 3 “after December 31, 1962,”.

4 (40) GAIN FROM DISPOSITION OF FARM
 5 LAND.—Paragraph (1) of section 1252(a) of such
 6 Code is amended by striking “after December 31,
 7 1969,” both places it appears.

8 (41) TREATMENT OF AMOUNTS RECEIVED ON
 9 RETIREMENT OR SALE OR EXCHANGE OF DEBT IN-
 10 STRUMENTS.—Subsection (c) of section 1271 of
 11 such Code is amended to read as follows:

12 “(c) SPECIAL RULE FOR CERTAIN OBLIGATIONS
 13 WITH RESPECT TO WHICH ORIGINAL ISSUE DISCOUNT
 14 NOT CURRENTLY INCLUDIBLE.—

15 “(1) IN GENERAL.—On the sale or exchange of
 16 debt instruments issued by a government or political
 17 subdivision thereof after December 31, 1954, and
 18 before July 2, 1982, or by a corporation after De-
 19 cember 31, 1954, and on or before May 27, 1969,
 20 any gain realized which does not exceed—

21 “(A) an amount equal to the original issue
 22 discount, or

23 “(B) if at the time of original issue there
 24 was no intention to call the debt instrument be-
 25 fore maturity, an amount which bears the same

1 ratio to the original issue discount as the num-
 2 ber of complete months that the debt instru-
 3 ment was held by the taxpayer bears to the
 4 number of complete months from the date of
 5 original issue to the date of maturity,
 6 shall be considered as ordinary income.

7 “(2) SUBSECTION (a)(2)(A) NOT TO APPLY.—
 8 Subsection (a)(2)(A) shall not apply to any debt in-
 9 strument referred to in subparagraph (A) of this
 10 paragraph.

11 “(3) CROSS REFERENCE.—

**“For current inclusion of original issue discount,
 see section 1272.”.**

12 (42) AMOUNT AND METHOD OF ADJUST-
 13 MENT.—Section 1314 of such Code is amended by
 14 striking subsection (d) and by redesignating sub-
 15 section (e) as subsection (d).

16 (43) ELECTION; REVOCATION; TERMINATION.—
 17 Clause (iii) of section 1362(d)(3) of such Code is
 18 amended by striking “unless” and all that follows
 19 and inserting “unless the corporation was an S cor-
 20 poration for such taxable year.”.

21 (44) AFFILIATED GROUP DEFINED.—Subpara-
 22 graph (A) of section 1504(a)(3) of such Code is
 23 amended by striking “for a taxable year which in-
 24 cludes any period after December 31, 1984” in

1 clause (i) and by striking “in a taxable year begin-
2 ning after December 31, 1984” in clause (ii).

3 (45) DISALLOWANCE OF THE BENEFITS OF
4 THE GRADUATED CORPORATE RATES AND ACCUMU-
5 LATED EARNINGS CREDIT.—

6 (A) Subsection (a) of section 1551 of such
7 Code is amended—

8 (i) by striking paragraph (1) and by
9 redesignating paragraphs (2) and (3) as
10 paragraphs (1) and (2), respectively, and

11 (ii) by striking “after June 12, 1963,”
12 each place it appears.

13 (B) Section 1551(b) of such Code is
14 amended—

15 (i) by striking “or (2)” in paragraph
16 (1), and

17 (ii) by striking “(a)(3)” in paragraph
18 (2) and inserting “(a)(2)”.

19 (46) DEFINITION OF WAGES.—

20 (A) Section 3121(b) of such Code is
21 amended by striking paragraph (17).

22 (B) Section 210(a) of the Social Security
23 Act is amended by striking paragraph (17).

24 (47) CREDITS AGAINST TAX.—

1 (A) Paragraph (4) of section 3302(f) of
2 such Code is amended—

3 (i) by striking “subsection—” and all
4 that follows through “(A) IN GENERAL.—
5 The” and inserting “subsection, the,

6 (ii) by striking subparagraph (B),

7 (iii) by redesignating clauses (i) and
8 (ii) as subparagraphs (A) and (B), respec-
9 tively, and

10 (iv) by moving the text of such sub-
11 paragraphs (as so redesignated) 2 ems to
12 the left.

13 (B) Paragraph (5) of section 3302(f) of
14 such Code is amended by striking subparagraph
15 (D) and by redesignating subparagraph (E) as
16 subparagraph (D).

17 (48) DOMESTIC SERVICE EMPLOYMENT
18 TAXES.—Section 3510(b) of such Code is amended
19 by striking paragraph (4).

20 (49) TAX ON FUEL USED IN COMMERCIAL
21 TRANSPORTATION ON INLAND WATERWAYS.—Section
22 4042(b)(2)(A) of such Code is amended to read as
23 follows:

24 “(A) The Inland Waterways Trust Fund
25 financing rate is 20 cents per gallon.”.

1 (50) TRANSPORTATION BY AIR.—Section
2 4261(e) of such Code is amended—

3 (A) in paragraph (1) by striking subpara-
4 graph (C), and

5 (B) by striking paragraph (5).

6 (51) TAXES ON FAILURE TO DISTRIBUTE IN-
7 COME.—

8 (A) Paragraph (2) of section 4942(f) of
9 such Code is amended by striking the semicolon
10 at the end of subparagraph (B) and inserting “,
11 and”, by striking “; and” at the end of sub-
12 paragraph (C) and inserting a period, and by
13 striking subparagraph (D).

14 (B) Subsection (g) of section 4942 of such
15 Code is amended—

16 (i) by striking “For all taxable years
17 beginning on or after January 1, 1975,
18 subject” in paragraph (2)(A) and inserting
19 “Subject”, and

20 (ii) by striking paragraph (4).

21 (C) Section 4942(i)(2) of such Code is
22 amended by striking “beginning after December
23 31, 1969, and”.

24 (52) TAXES ON TAXABLE EXPENDITURES.—
25 Section 4945(f) of such Code is amended by striking

1 “(excluding therefrom any preceding taxable year
2 which begins before January 1, 1970)”.

3 (53) RETURNS.—Subsection (a) of section
4 6039D of such Code is amended by striking “begin-
5 ning after December 31, 1984,”.

6 (54) INFORMATION RETURNS.—Subsection (c)
7 of section 6060 of such Code is amended by striking
8 “year” and all that follows and inserting “year.”.

9 (55) CANAL ZONE.—Subparagraph (A) of sec-
10 tion 6103(b)(5) of such Code is amended by striking
11 “the Canal Zone,”.

12 (56) ABATEMENTS.—Section 6404(f) of such
13 Code is amended by striking paragraph (3).

14 (57) FAILURE BY CORPORATION TO PAY ESTI-
15 MATED INCOME TAX.—Clause (i) of section
16 6655(g)(4)(A) of such Code is amended by striking
17 “(or the corresponding provisions of prior law)”.

18 (58) MERCHANT MARINE CAPITAL CONSTRUC-
19 TION FUNDS.—Paragraph (4) of section 7518(g) of
20 such Code is amended by striking “any nonqualified
21 withdrawal” and all that follows through “shall be
22 determined” and inserting “any nonqualified with-
23 drawal shall be determined”.

24 (59) VALUATION TABLES.—

1 (A) Subsection (c) of section 7520 of such
2 Code is amended by striking paragraph (2) and
3 by redesignating paragraph (3) as paragraph
4 (2).

5 (B) Paragraph (2) of section 7520(c) of
6 such Code, as so redesignated, is amended—

7 (i) by striking “Not later than Decem-
8 ber 31, 1989, the” and inserting “The”,
9 and

10 (ii) by striking “thereafter” in the last
11 sentence thereof.

12 (60) ADMINISTRATION AND COLLECTION OF
13 TAXES IN POSSESSIONS.—Section 7651 of such Code
14 is amended by striking paragraph (4) and by red-
15 ignating paragraph (5) as paragraph (4).

16 (61) DEFINITION OF EMPLOYEE.—Section
17 7701(a)(20) of such Code is amended by striking
18 “chapter 21” and all that follows and inserting
19 “chapter 21.”.

20 (b) EFFECTIVE DATE.—

21 (1) GENERAL RULE.—Except as otherwise pro-
22 vided in paragraph (2), the amendments made by
23 subsection (a) shall take effect on the date of enact-
24 ment of this Act.

25 (2) SAVINGS PROVISION.—If—

1 (A) any provision amended or repealed by
2 subsection (a) applied to—

3 (i) any transaction occurring before
4 the date of the enactment of this Act,

5 (ii) any property acquired before such
6 date of enactment, or

7 (iii) any item of income, loss, deduc-
8 tion, or credit taken into account before
9 such date of enactment, and

10 (B) the treatment of such transaction,
11 property, or item under such provision would
12 (without regard to the amendments made by
13 subsection (a)) affect the liability for tax for pe-
14 riods ending after such date of enactment,

15 nothing in the amendments made by subsection (a)
16 shall be construed to affect the treatment of such
17 transaction, property, or item for purposes of deter-
18 mining liability for tax for periods ending after such
19 date of enactment.

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